WATKINSVILLE

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CITY OF WATKINSVILLE, GEORGIA

Annual Financial Report

For the fiscal year ended June 30, 2024

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CITY OF WATKINSVILLE, GEORGIA
ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2024

TABLE OF CONTENTS

EXHIBIT		PAGE
	FINANCIAL SECTION	
	Independent Auditor's Report	1-3
	Management's Discussion and Analysis	4-11
	Basic Financial Statements:	
	Government-wide Financial Statements:	
A-1	Statement of Net Position	12
A-2	Statement of Activities	13
	Fund Financial Statements:	
	Governmental Funds:	
A-3	Balance Sheet	14-15
A-4	Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	16
A-5	Statement of Revenues, Expenditures and Changes in Fund Balances	17-18
A-6	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
A-7	General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP) and Actual	20
A-8	American Rescue Plan Act Special Revenue Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP) and Actual	21
A-9	Statement of Fiduciary Net Position	22
A-10	Statement of Changes in Fiduciary Net Position	23
A-11	Notes to the Financial Statements	24-44
	Combining and Individual Fund Statements and Schedules:	
B-1	Combining Balance Sheet - Nonmajor Governmental Funds	45
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	46
C-1	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - Cemetery Fund	47
C-2	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - Confiscated Assets Fund	48
C-3	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - Hotel/Motel Tax Fund	49
	OTHER REPORTING SECTION	
	Single Audit Section:	
	Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	50-51
	Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	52-54
D-1	Schedule of Expenditures of Federal Awards	55
D-2	Notes to the Schedule of Expenditures of Federal Awards	56
D-3	Schedule of Finds and Questions Costs	57-59
	STATE REPORTING SECTION	
E-1	Schedule of Projects Financed with Special Purpose Local Option Sales Tax	60
E-2	Schedule of Projects Financed with Transportation Special Purpose Local Option Sales Tax	61

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RUSHTON
ACCOUNTING & BUSINESS ADVISORS | CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Watkinsville, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Watkinsville, Georgia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Watkinsville, Georgia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Watkinsville, Georgia, as of June 30, 2024, and the respective changes in the financial position and, where applicable, cash flows thereof, and the budgetary comparisons of the General Fund and the American Rescue Plan Act Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Watkinsville, Georgia and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Watkinsville, Georgia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Watkinsville, Georgia's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Watkinsville, Georgia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Watkinsville, Georgia's basic financial statements. The accompanying combining and individual fund financial statements and schedules, the schedule of projects financed with special purpose local option sales tax, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, the schedules in the state reporting section, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2024, on our consideration of the City of Watkinsville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Watkinsville, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Watkinsville, Georgia's internal control over financial reporting and compliance.

Rushton, LLC

Certified Public Accountants

Gainesville, Georgia
October 31, 2024

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MANAGEMENT'S DISCUSSION & ANALYSIS

CITY OF WATKINSVILLE, GEORGIA

Management's Discussion and Analysis provides an objective and easily readable analysis of the City's financial activities. The analysis provides summary financial information for the City of Watkinsville and should be read in conjunction with the Government's financial statements. This fiscal year's Management Discussion and Analysis includes comparative data from the previous year.

The City of Watkinsville utilizes only government funds; there are no proprietary or business type activities. The organization of the City is compact and streamlined whereby there is a City Manager, City Clerk/Human Resources Coordinator, Finance Director/Municipal Court Clerk, Judicial Assistant, Downtown Development Director, Code Director/Public Works Manager, Parks Manager, 9 members of the police department, 3 members of the public works department, and an Executive Assistant for a total of 20 employees involved in the full-time activities of the City.

The City of Watkinsville does not maintain either water or sewerage requirements, but relies on the county for these services.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the fiscal year 2024 by $12,715,751 (total net position). Of this amount, $3,923,044 was unrestricted net position, an increase of $233,930 from fiscal year 2023, and is available for use to meet the City's ongoing obligations for its citizens and creditors.

- The City's total net position increased by $2,278,256 during this fiscal year resulting from governmental activities.

- At the end of the current fiscal year, the City's total governmental fund balances amounted to $5,857,082, an increase of $547,577 from fiscal year 2023.

- At the end of the current fiscal year, the fund balance for the General Fund was $3,992,232, an increase of $226,488 from fiscal year 2023.

- The City increased fund balance of the General Fund in the current fiscal year while decreasing it in the prior fiscal year. While expenditures increased during the current fiscal year, revenues and other financing sources increased by a greater margin. The most significant increases in revenues were taxes and interest. The most significant increase in other financing sources was proceeds from the issuance of debt. The most significant increases in expenditures were increased Police expenditures for capital outlay, increased Parks expenditures for capital outlay, and increased Highways and Street expenditures for contract services.

- The City has invested $10,419,992 in capital assets (net of accumulated depreciation/amortization). This is an increase of $5,175,618 from the prior fiscal year. Capital assets include land, construction in progress, site improvements, buildings, equipment, vehicles, and intangible right-to-use assets. Major capital asset purchases during the current fiscal year included the following:

  - Purchase of Thomas Farm property and associated improvements
  - Sidewalks and street improvements
  - Rocket Field upgrades
  - Harris Shoals Park improvements
  - Purchase of police department vehicle and equipment

  Additional information on the City's capital assets can be found in Note 9 in the Notes to the Financial Statements.

- In the current fiscal year, the City issued a note from direct borrowing through the Georgia Environmental Finance Authority (GEFA) to assist with the purchase of Thomas Farm for a future greenspace project. As of fiscal year end, the balance of this note was $3,461,993.

CITY OF WATKINSVILLE
NET POSITION

	FY 2024 GOVERNMENTAL ACTIVITIES	FY 2023 GOVERNMENTAL ACTIVITIES
ASSETS:		
Current Assets	$ 6,199,693	$ 6,859,301
Capital Assets	10,419,992	5,244,374
TOTAL ASSETS	16,619,685	12,103,675
LIABILITIES:		
Current Liabilities	567,803	1,628,219
Noncurrent Liabilities	3,336,131	37,961
TOTAL LIABILITIES	3,903,934	1,666,180
NET POSITION:		
Net Investment in Capital Assets	6,927,857	5,204,620
Restricted for:		
Cemetery	35,535	32,545
Law Enforcement	15,496	14,647
Grant Specifications	44,990	30,917
Capital Projects	1,768,829	1,465,652
Unrestricted	3,923,044	3,689,114
TOTAL NET POSITION	$ 12,715,751	$ 10,437,495

CITY OF WATKINSVILLE
CHANGES IN NET POSITION

REVENUES:	FY 2024 GOVERNMENTAL ACTIVITIES	FY 2023 GOVERNMENTAL ACTIVITIES
Program Revenues		
Charges for services	$ 426,653	$ 478,601
Operating grants and contributions	28,252	41,147
Capital grants and contributions	2,832,159	1,315,921
General Revenues		
Property taxes	810,341	525,564
Franchise taxes	286,876	234,195
Sales taxes	958,851	953,425
Other taxes	399,795	362,560
Investment earnings	252,899	160,703
Miscellaneous	108,456	37,518
Total Revenues	6,104,282	4,109,634
EXPENSES:		
General government	597,239	849,990
Judicial	168,921	119,306
Public safety	902,470	1,007,347
Public works	1,411,653	920,824
Culture and recreation	287,919	1,262,732
Housing and development	367,961	305,476
Interest on long-term debt	89,863	12
Total Expenses	3,826,026	4,465,687
Increase in net position	2,278,256	(356,053)
Net position - beginning	10,437,495	10,793,548
Net position - ending	$ 12,715,751	$ 10,437,495

Revenues: Sales taxes of $958,851 accounts for 16% of revenue.
Property taxes of $810,341 accounts for only 13% of revenue.
Intergovernmental revenues from SPLOST of $1,348,178 accounts for 22% of revenue.

Overview of the Financial Statements

Management's Discussion and Analysis (MD&A) serves as an introduction to the City of Watkinsville's basic financial statements. The City's basic financial statements include the government-wide financial statements, fund financial statements and notes to the financial statements as well as supplemental information and other schedules.

Government Wide Financial Statements

The government wide financial statements are reported on the accrual basis of accounting and are designed to provide readers with an overview of the City's finances in a manner similar to commercial enterprises. The government wide statements have an "economic resources" measurement focus. This focus is broader than the focus of the fund level statements, which have a financial resources focus. The government wide statements report all assets and liabilities, irrespective of whether the asset or liability represents a current financial resource or a claim on a financial resource. The government wide statements provide a more complete representation of the City's finances than the fund level statements, which are reported on the modified accrual basis and only report current financial resources and current claims on those resources.

The statement of net position presents information on all the City's assets and liabilities, with the difference between the two reported as total net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the fiscal year. Revenues and expenses are reported in this statement in a manner to group like items for ease of comparison. The government activities of the City include: general government, judicial, public safety, public works, culture and recreation, and housing and development.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements as well as tracking specific set-aside efforts. All of the City's funds are classified as governmental funds and are divided into the Major funds (General, American Rescue Plan Act, SPLOST III, and TSPLOST

Funds) and Nonmajor funds (Cemetery, Confiscated Assets, Hotel/Motel Tax, and SPLOST II Funds).

The City, with approximately 2,800 residents and an approximate $7,000,000 budget, maintains an ending fund balance in the General Fund in the amount of $3,992,232, which is 43% below the FY 2024 expenditures of $6,549,156. FY 2024 expenditures included a one-time purchase of the 100-acre Thomas Farm Preserve through issuance of a $3,550,000 GEFA loan.

The SPLOST II Fund was preliminarily set up in FY 2016 with expectations to begin receiving revenue during FY 2016. The referendum held on the 3rd of June, 2014 allows four areas:

Parks and Recreation	$ 900,000
Transportation	$ 2,200,000
Public Safety Facilities and Equipment	$ 675,000
Water and Sewer	$ 971,500
	$ 4,746,500

Revenues and expenditures from this fund for fiscal year 2024 are as follows:

Beginning Balance	$ 4,772
Revenues	$ 5,773
Expenditures	($ 10,545)
Ending balance as of 6/30/2024	$ 0

The SPLOST III Fund was set up in FY 2021 with expectations to begin receiving revenue during FY 2022. The referendum held on the 3rd of November, 2020 allows four areas:

Public Safety Facilities and Equipment	$ 540,000
Recreational, Park, and Greenspace Facilities	$ 1,356,000
Roads, Streets, Bridges, Drainage, and Sidewalks	$ 3,299,144
Multi-Purpose City Facilities, Signage, and Equipment	$ 384,000
	$ 5,579,144

Revenues and expenditures from this fund for fiscal year 2024 are as follows:

Beginning Balance	$ 1,255,545
Revenues	$ 1,216,260
Expenditures and other financing uses	($ 1,392,553)
Ending balance as of 6/30/2024	$ 1,079,252

The SPLOST II fund is a nonmajor fund and the SPLOST III fund is a major fund. Additional information on the SPLOST expenditures can be found in the Schedule of Projects Financed with Special Purpose Local Option Sales Tax near the end of this report.

The TSPLOST Fund was set up in FY 2023 with expectations to begin receiving revenue during FY 2023. The TSPLOST referendum held on the 8th of November, 2022 allows three areas: $2,482,515 on Sidewalk Construction and Repairs, Multi-Use Trails, Side Paths, Greenways, and High Visibility Crossings; $1,379,175 on Traffic Efficiency Improvements; and $1,655,010 on Road Resurfacing and Rehabilitation, and Investment in Roadway Infrastructure.

Revenues and expenditures from this fund for fiscal year 2024 are as follows:

Beginning Balance	$ 205,335
Revenues	$ 900,126
Expenditures	($ 415,884)
Ending balance as of 6/30/2024	$ 689,577

The TSPLOST fund is a major fund. Additional information on the TSPLOST expenditures can be found in the Schedule of Projects Financed with Transportation Special Purpose Local Option Sales Tax near the end of this report.

Governmental Funds

The City maintains nine individual funds. Information is presented separately in the fund financial statements for Major Funds (General, American Rescue Plan Act, SPLOST III, and TSPLOST).

The City adopts an annual appropriated budget for its General Fund and special revenue funds. A budgetary comparison statement for the General Fund and American Rescue Plan Act Special Revenue Fund has been provided to demonstrate compliance with the budgets.

In the General Fund, the City received just over the projected revenues and was able to stay in line with final projected expenditures. The original budget required the use of fund balance.

Licenses and permits fell significantly below budgeted expectations. However, interest revenue and other revenues exceeded budgeted expectations. Expenditures increased significantly in the current year. Budget amendments were required in the current fiscal year, mostly due to capital projects. The most significant increases in expenditures were increased Police expenditures for capital outlay, increased Parks expenditures for capital outlay, and increased Highways and Streets expenditures for contract services.

Notes to the Financial Statements

The notes provide information that is essential to a full understanding of the data provided in the government and fund financial statements.

The notes also provide information about the City's background accounting policies, significant account balances and activities, obligations, commitments and contingencies. The notes include the City's budgetary process including the step-by-step involvement of the City Manager, the Mayor and Council.

The City's liquid assets are invested wholly in local bank accounts and are fully collateralized. (Note 3 applies)

Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information, including the combining statements for the nonmajor governmental funds and budgetary comparison schedules for the City's nonmajor special revenue funds.

Summary and Overview

The City's net position increased by $2,278,256. The City's total governmental funds fund balance increased by $547,577. The General Fund ending fund balance increased $226,488. While managing expenditures and increased capital projects, the City Council worked very well together and maintained a vibrant town in the current fiscal year. Franchise held somewhat steady, while property and sales taxes increased. All in all, the future looks bright due to cooperation, planning, conservative spending and a strong economy.

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BASIC FINANCIAL STATEMENTS

CITY OF WATKINSVILLE, GEORGIA
STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	$ 5,879,090
Receivables (net)	
Accounts	7,155
Taxes	145,526
Intergovernmental	167,922
Total current assets	6,199,693
Noncurrent assets	
Capital assets	
Non-depreciable capital assets	5,814,803
Depreciable/amortization capital assets (net)	4,605,189
Total noncurrent assets	10,419,992
Total assets	16,619,685
LIABILITIES	
Current liabilities	
Payables	
Accounts	238,866
Interest	4,703
Accrued salaries	22,189
Other payroll liabilities	22,118
Unearned revenue	57,415
Compensated absences	59,857
Notes payable	152,829
Subscription liabilities	9,826
Total current liabilities	567,803
Noncurrent liabilities	
Compensated absences	6,651
Notes payable	3,309,164
Subscription liabilities	20,316
Total noncurrent liabilities	3,336,131
Total liabilities	3,903,934
NET POSITION	
Net investment in capital assets	6,927,857
Restricted for:	
Cemetery	35,535
Law enforcement	15,496
Grant specifications	44,990
Capital projects	1,768,829
Unrestricted	3,923,044
Total net position	$ 12,715,751

See accompanying notes to the financial statements.

CITY OF WATKINSVILLE, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2024

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities					
General Government	$ 597,239	$ 67,256	$ 23,952	$ 76,997	$ (429,034)
Judicial	168,921	0	0	0	(168,921)
Public Safety	902,470	226,729	0	109,097	(566,644)
Public Works	1,411,653	132,668	4,300	1,663,077	388,392
Culture and Recreation	287,919	0	0	982,988	695,069
Housing and Development	367,961	0	0	0	(367,961)
Interest on long-term debt	89,863	0	0	0	(89,863)
Total governmental activities	3,826,026	426,653	28,252	2,832,159	(538,962)

General revenues	
Taxes	
Property	810,341
Franchise	286,876
Sales	958,851
Occupational	90,494
Insurance premium	256,881
Other	52,420
Interest and investment earnings	252,899
Gain on sale of assets	15,847
Other	92,609
Total general revenues	2,817,218
Change in net position	2,278,256
Net position, July 1	10,437,495
Net position, June 30	$ 12,715,751

See accompanying notes to the financial statements.

CITY OF WATKINSVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	General	American Rescue Plan Act	SPLOST III
ASSETS			
Cash and cash equivalents	$ 4,080,849	$ 106,478	$ 987,736
Receivables (net)			
Accounts	7,155	0	0
Taxes	141,840	0	0
Intergovernmental	0	0	91,516
Due from other funds	20,706	0	0
Total assets	$ 4,250,550	$ 106,478	$ 1,079,252
LIABILITIES			
Accounts payable	$ 216,061	$ 0	$ 0
Accrued salaries	22,189	0	0
Other payroll liabilities	18,045	4,073	0
Due to other funds	0	0	0
Unearned revenue	0	57,415	0
Total liabilities	256,295	61,488	0
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	2,023	0	0
FUND BALANCES			
Restricted for:			
Cemetery	0	0	0
Law enforcement	0	0	0
Grant specifications	0	44,990	0
Capital projects	0	0	1,079,252
Assigned to capital projects	710,929	0	0
Unassigned	3,281,303	0	0
Total fund balances	3,992,232	44,990	1,079,252
Total liabilities, deferred inflows of resources, and fund balances	$ 4,250,550	$ 106,478	$ 1,079,252

See accompanying notes to the financial statements.

TSPLOST	Nonmajor Governmental Funds	Totals
$ 635,976	$ 68,051	$ 5,879,090
0	0	7,155
0	3,686	145,526
76,406	0	167,922
0	0	20,706
$ 712,382	$ 71,737	$ 6,220,399
$ 22,805	$ 0	$ 238,866
0	0	22,189
0	0	22,118
0	20,706	20,706
0	0	57,415
22,805	20,706	361,294
0	0	2,023
0	35,535	35,535
0	15,496	15,496
0	0	44,990
689,577	0	1,768,829
0	0	710,929
0	0	3,281,303
689,577	51,031	5,857,082
$ 712,382	$ 71,737	$ 6,220,399

See accompanying notes to the financial statements.

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CITY OF WATKINSVILLE, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
June 30, 2024

Total fund balance - total governmental funds		$ 5,857,082
Amounts reported for governmental activities in the statement of net position are different because:		
Some assets are not financial resources and, therefore, are not reported in the funds. These are:		
Capital assets, net of accumulated depreciation/amortization		10,419,992
Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds. These are:		
Property taxes		2,023
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are:		
Compensated absences	$ (66,508)	
Interest payable	(4,703)	
Notes payable	(3,461,993)	
Subscription liabilities	(30,142)	(3,563,346)
Net position of the governmental activities		$ 12,715,751

See accompanying notes to the financial statements.

CITY OF WATKINSVILLE, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2024

	General	American Rescue Plan Act	Formerly Major SPLOST II
REVENUES			
Taxes	$ 2,494,296	$ 0	
Licenses and permits	132,668	0	
Fines, fees, and forfeitures	226,729	0	
Charges for services	216	0	
Intergovernmental	0	733,952	
Interest	234,978	14,073	
Contributions	0	0	
Other	92,459	0	
Total revenues	3,181,346	748,025	
EXPENDITURES			
Current			
General Government	565,372	0	
Judicial	167,276	0	
Public Safety	903,142	23,952	
Public Works	632,414	0	
Culture and Recreation	3,748,358	710,000	
Housing and Development	394,190	0	
Capital outlay	0	0	
Debt service	138,404	0	
Total expenditures	6,549,156	733,952	
Excess (deficiency) of revenues over (under) expenditures	(3,367,810)	14,073	
Other financing sources (uses)			
Transfers in	28,451	0	
Transfers out	0	0	
Proceeds from sale of capital assets	15,847	0	
Debt issuance costs	0	0	
Proceeds from issuance of debt	3,550,000	0	
Total other financing sources (uses)	3,594,298	0	
Net change in fund balance	226,488	14,073	
Fund balances, July 1 (as previously reported)	3,765,744	30,917	4,772
Changes within financial reporting entity	0	0	(4,772)
Fund balances, July 1 (as restated)	3,765,744	30,917	
Fund balances, June 30	$ 3,992,232	$ 44,990	

See accompanying notes to the financial statements.

Exhibit A-5, continued

SPLOST III	TSPLOST	Nonmajor Governmental Funds	Totals
$ 0	$ 0	$ 28,148	$ 2,522,444
0	0	0	132,668
0	0	0	226,729
0	0	0	216
1,161,664	880,168	0	2,775,784
54,596	19,958	9,621	333,226
0	0	4,300	4,300
0	0	150	92,609
1,216,260	900,126	42,219	6,087,976
0	0	0	565,372
0	0	0	167,276
0	0	0	927,094
0	0	0	632,414
0	0	4,156	4,462,514
0	0	0	394,190
1,348,178	415,884	10,545	1,774,607
0	0	0	138,404
1,348,178	415,884	14,701	9,061,871
(131,918)	484,242	27,518	(2,973,895)
0	0	0	28,451
0	0	(28,451)	(28,451)
0	0	0	15,847
(44,375)	0	0	(44,375)
0	0	0	3,550,000
(44,375)	0	(28,451)	3,521,472
(176,293)	484,242	(933)	547,577
1,255,545		252,527	5,309,505
0	205,335	(200,563)	0
1,255,545	205,335	51,964	5,309,505
$ 1,079,252	$ 689,577	$ 51,031	$ 5,857,082

See accompanying notes to the financial statements.

Exhibit A-5, continued

CITY OF WATKINSVILLE, GEORGIA
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2024

Net change in fund balances - total governmental funds			$ 547,577
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.			
Capital outlays	$	5,449,385	
Depreciation/amortization		(273,767)	5,175,618
In the statement of activities, the gain/loss on the disposal of assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increases financial resources.			
Cost of assets disposed	$	(67,059)	
Related accumulated depreciation		67,059	0
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable property taxes.			463
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds.			
Net change in compensated absences			11,682
The issuance of long-term debt provides current financial resources for governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Rapayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.			
Proceeds from issuance of debt	$	(3,550,000)	
Debt principal payments		97,619	
Net change in interest payable		(4,703)	(3,457,084)
Change in net position of governmental activities			$ 2,278,256

See accompanying notes to the financial statements.

CITY OF WATKINSVILLE, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2024

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 2,328,868	$ 2,387,183	$ 2,494,296	$ 107,113
Licenses and permits	166,656	166,656	132,668	(33,988)
Fines, fees, and forfeitures	215,616	227,000	226,729	(271)
Charges for services	0	14,500	216	(14,284)
Interest	84,000	235,000	234,978	(22)
Other	19,500	22,000	92,459	70,459
Total revenues	2,814,640	3,052,339	3,181,346	129,007
EXPENDITURES				
Current				
General Government				
Governing Body	12,600	14,000	13,570	430
General Administration	516,551	514,825	502,754	12,071
General Building and Plant	22,527	50,000	49,048	952
Judicial				
Municipal Court	170,889	172,851	167,276	5,575
Public Safety				
Police	837,377	899,000	898,578	422
Fire	14,000	14,000	4,564	9,436
Public Works				
Highways and Streets	579,554	581,135	568,733	12,402
Street Lighting	50,400	64,000	63,681	319
Cemetery	7,500	7,500	0	7,500
Culture & Recreation				
Recreation	5,000	5,000	0	5,000
Parks	93,422	3,722,000	3,721,293	707
Library	33,471	33,471	27,065	6,406
Housing and Development				
Building Inspection	127,447	151,000	150,977	23
Tourism	120,116	131,697	119,390	12,307
Code Enforcement	89,778	124,000	123,823	177
Debt Service				
General Government				
General Administration	0	10,500	10,500	0
Culture and Recreation	175,877	175,877	127,904	47,973
Total expenditures	2,856,509	6,670,856	6,549,156	121,700
Excess (deficiency) of revenues over (under) expenditures	(41,869)	(3,618,517)	(3,367,810)	250,707
Other financing sources (uses)				
Transfers in	44,238	68,517	28,451	(40,066)
Proceeds from sale of capital assets	0	0	15,847	15,847
Proceeds from issuance of debt	0	3,550,000	3,550,000	0
Total other financing sources (uses)	44,238	3,618,517	3,594,298	(24,219)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	2,369	0	226,488	226,488
Fund balances, July 1	(2,369)	0	3,765,744	3,765,744
Fund balances, June 30	$ 0	$ 0	$ 3,992,232	$ 3,992,232

See accompanying notes to the financial statements.

CITY OF WATKINSVILLE, GEORGIA
AMERICAN RESCUE PLAN ACT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2024

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 0	$ 734,000	$ 733,952	$ (48)
Interest	0	0	14,073	14,073
Total revenues	0	734,000	748,025	14,025
EXPENDITURES				
Current				
Public Safety				
Police	0	24,000	23,952	48
Culture and Recreation				
Parks	0	710,000	710,000	0
Total expenditures	0	734,000	733,952	48
Excess (deficiency) of revenues over (under) expenditures	0	0	14,073	14,073
Fund balances, July 1	0	0	30,917	30,917
Fund balances, June 30	$ 0	$ 0	$ 44,990	$ 44,990

See accompanying notes to the financial statements.

CITY OF WATKINSVILLE, GEORGIA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2024

	Municipal Court Custodial Fund
ASSETS	
Cash and cash equivalents	$ 101,695
Fines receivable	20,867
Total assets	122,562
LIABILITIES	
Due to other agencies	29,888
NET POSITION	
Restricted for individuals, organizations, and other governments	$ 92,674

See accompanying notes to the financial statements.

CITY OF WATKINSVILLE, GEORGIA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the fiscal year ended June 30, 2024

	Municipal Court Custodial Fund
ADDITIONS	
Fines and forfeitures collected for other governments	$ 108,413
DEDUCTIONS	
Fines and forfeitures distributed to other governments	82,031
Change in net position	26,382
Net position, July 1	66,292
Net position, June 30	$ 92,674

See accompanying notes to the financial statements.

1. Description of Government Unit

The City of Watkinsville, originally known as “Big Springs”, was formally named Watkinsville in 1802 and incorporated in 1806. It was the county seat of Clarke County, which included Oconee County, until 1871 when the county seat for Clarke County was moved to Athens. In 1875, Oconee County was created and Watkinsville was established as the county seat.

The financial statements of the City of Watkinsville, Georgia (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

2. Summary of Significant Accounting Policies

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business- type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. Reporting Entity

Standards published by the Governmental Accounting Standards Board (GASB) define the financial reporting entity as (a) the primary government, (b) organizations for which the primary government is financially responsible, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

2. Summary of Significant Accounting Policies

C. Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The City reports no business-type activities or component units.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements. As noted earlier, the City reports no proprietary funds.

The City reports the following major governmental funds:

General Fund - The general operating fund of the City is used to account for all financial resources except those required to be accounted for in another fund.

American Rescue Plan Act Special Revenue Fund - This fund is used to account for the revenues and expenditures of the American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Fund.

Special Purpose Local Option Sales Tax III Capital Projects Fund - This fund is used to account for capital projects financed through the 2021 Special Purpose Local Option Sales Tax.

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

Transportation Special Purpose Local Option Sales Tax Capital Projects Fund - This fund is used to account for capital projects financed through the 2022 Transportation Special Purpose Local Option Sales Tax.

Governmental Fund Types

Special Revenue Funds – This fund type is used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Capital Projects Funds – This fund type is used to account for financial resources to be used for the acquisition or construction of capital assets (other than those financed by the proprietary or fiduciary funds).

Fiduciary Fund Types

Custodial Funds – Custodial Funds are fiduciary in nature and do not present results of operations. Custodial funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that are held for others.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

Fiduciary Fund Types, continued

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

2. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting, continued

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The fiduciary funds are reported using the economic resources measurement focus and accrual basis of accounting.

F. Revenues and Expenditures/Expenses

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Summary of Significant Accounting Policies (continued)

G. Budgets and Budgetary Accounting

The City follows the following procedures in establishing budgetary data reflected in the financial statements:

- The City Manager and Mayor prepare the budget collaboratively, conduct proposed use hearings, and submit the proposed budget to Council.
- The City Clerk advertises the public hearings and Council conducts proposed use hearings.
- Public hearings are held to obtain taxpayers' comments.
- The budget is legally enacted through the passage of a resolution no later than June 30 of the preceding year.
- All revisions to the budget must be submitted to the City Council for approval.
- The budget is prepared and adopted on a basis consistent with generally accepted accounting principles.
- Budgetary appropriations lapse at the end of the fiscal year.
- The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level.

The City does not use the encumbrance system of accounting.

H. Cash and Investments

Cash and cash equivalents include amounts in demand deposits, amounts with fiscal agents and investments with an original maturity at three months or less. Investments are reported at fair value with accrued interest shown under a separate caption on the balance sheet. Reinvested interest on certain debt service and capital project investments is included in the investment accounts.

2. Summary of Significant Accounting Policies (continued)

I. Property Taxes Receivable

Taxes receivable represents the past year's delinquent real property taxes. An amount equal to the difference between year-end taxes receivable collected within sixty days after year end and the total year-end collectable taxes receivable has been recorded as deferred inflows of resources.

J. Intergovernmental Receivables

Receivables for state and federal grants are recorded as revenue for the period of the allocation or as earned based on expenditures made for which reimbursement is due.

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items. Prepaid items in the governmental funds are recorded as expenditures when consumed.

L. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

GASB Statement No. 34 required the City to report and depreciate new infrastructure assets effective with the fiscal year ended June 30, 2003. For entities the size of the City of Watkinsville, retroactive reporting of infrastructure assets was not required.

The costs of normal maintenance and repairs that do not add value or materially extend the life of the asset are charged to operations as incurred. Costs of major additions and improvements are capitalized.

2. Summary of Significant Accounting Policies (continued)

L. Capital Assets, continued

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are reported at acquisition value.

The City has recorded intangible right-to-use assets as a result of implementing GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The assets are initially measured at an amount equal to the initial measurement of the related lease or subscription liability plus any payments made prior to the lease or subscription term, less lease or subscription incentives, and plus ancillary charges necessary to place the lease or subscription into service. The intangible right-to-use assets are amortized on a straight-line basis over the shorter of the estimated useful life of the underlying asset or life of the related lease or subscription.

Depreciation/amortization is computed using the straight-line method over the estimated useful lives of the respective assets ranging as follows:

	Useful Life in Years	Capitalization Threshold
Site improvements	15-99	$ 1
Buildings and improvements	20-50	5,000
Heavy machinery and vehicles	3-15	5,000
Equipment, furniture, and fixtures	5-10	5,000
Computer equipment	5-7	5,000
Intangible right-to-use assets		
Software	5-10	5,000

2. Summary of Significant Accounting Policies (continued)

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

N. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

2. Summary of Significant Accounting Policies (continued)

O. Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

P. Restricted Assets and Restricted Net Position

Restricted net position is equal to the excess of the restricted assets funded from operations over the liabilities to be paid with restricted assets which are due in one year or less. Restricted assets exclude bond proceeds for calculation of reserve.

Q. Fund Balances – Governmental Funds

The City of Watkinsville implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at the end of the current fiscal year by the City are nonspendable in form. The City has not reported any amounts that are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

2. Summary of Significant Accounting Policies (continued)

Q. Fund Balances – Governmental Funds, continued

Committed – includes amounts that can be used only for specific purposes determined by a formal action of City Council. City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by City Council. An ordinance or resolution committing amounts must be adopted prior to the end of the fiscal year; however, the amount to be committed may be determined within 120 days of fiscal year-end.

Assigned – includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Through resolution, the City Council has authorized the City Clerk to assign fund balances. Equity amounts reported in special revenue funds, capital project funds, debt service funds, or permanent funds not otherwise classified as nonspendable, restricted, or committed shall constitute assignments of fund balance.

Unassigned – includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The General Fund is the only fund that should report this category of fund balance.

R. Compensation for Future Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated annual vacation. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. It is the City's policy to permit employees to accumulate vacation benefits of up to 360 hours per year.

3. Deposit and Investment Risk

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned. The City's investment policy requires that all deposits be federally insured or fully collateralized.

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of any corporation of the United States government, obligations of the State of Georgia or other states, obligations of other political subdivisions of the State of Georgia, and pooled investment programs of the State of Georgia. The City has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

The City has no formal policy on the amount the City may invest in any one issuer.

Foreign currency risk

The City has no investments denominated in a foreign currency.

4. Taxes Receivable

Taxes receivable at the end of the current fiscal year consist of the following:

Major Funds	
General Fund	
Local Option Sales Tax	$ 82,452
Franchise Tax	7,938
Title Ad Valorem Tax	37,282
Property Tax, Net	9,001
Alcohol Excise Tax	4,977
Other taxes	190
Nonmajor Funds	
Hotel/Motel Tax Special Revenue Fund	
Hotel/Motel Tax	3,686
	$ 145,526

5. Intergovernmental Receivables

Intergovernmental receivables at the end of the current fiscal year consist of the following:

Major Funds	
SPLOST III Capital Projects Fund	$ 91,516
TSPLOST Capital Projects Fund	76,406
	$ 167,922

6. Property Taxes

Property tax rates are set by the City Council each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1st each year. Property taxes for fiscal year 2024, based upon the assessments as of January 1, 2023, were levied August 2, 2023, billed on September 15, 2023, and due on November 15, 2023.

7. Interfund Receivables and Payables

A summary of interfund receivables and payables at the end of the current fiscal year is as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	$ 20,706

The balances reported as Due to/Due from represent loans between borrower funds and the General Fund. These balances resulted from the time lag between the dates that transactions are recorded in the accounting system and payments between the funds are made.

8. Interfund Transfers

A summary of interfund transfers for the current fiscal year is as follows:

Transfer Out Fund	Transfer In Fund	Amount
Nonmajor Governmental	General	$ 28,451

Interfund transfers are used to 1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and 2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations.

9. Capital Assets

Capital asset activity for the primary government for the current fiscal year is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Non-depreciable assets				
Land	$ 897,261	$ 4,560,213	$ 0	$ 5,457,474
Construction in progress	244,271	619,033	(505,975)	357,329
Total non-depreciable assets	1,141,532	5,179,246	(505,975)	5,814,803
Depreciable/amortizable assets				
Site improvements	4,144,192	552,068	0	4,696,260
Buildings	599,865	0	0	599,865
Equipment	298,603	16,520	0	315,123
Vehicles	356,067	207,526	(67,059)	496,534
Intangible right-to-use assets				
Software	76,992	0	0	76,992
Total depreciable/amortizable assets	5,475,719	776,114	(67,059)	6,184,774
Accumulated depreciation/amortization				
Site improvements	(638,811)	(149,811)	0	(788,622)
Buildings	(319,841)	(11,566)	0	(331,407)
Equipment	(148,273)	(37,281)	0	(185,554)
Vehicles	(265,952)	(59,711)	67,059	(258,604)
Intangible right-to-use assets				
Software	0	(15,398)	0	(15,398)
Total accumulated depreciation/amortization	(1,372,877)	(273,767)	67,059	(1,579,585)
Total depreciable/amortizable assets, net	4,102,842	502,347	0	4,605,189
Governmental activities capital assets, net	$ 5,244,374	$ 5,681,593	$ (505,975)	$ 10,419,992

Depreciation/amortization expense was charged to functions/programs as follows:

Primary Government	
Governmental activities	
General Government	$ 27,110
Public Safety	70,766
Public Works	50,778
Culture and Recreation	125,113
Total depreciation/amortization expense for governmental activities	$ 273,767

10. Long-Term Liabilities

Notes from Direct Borrowings

In September 2023, the City entered into a direct borrowing agreement with the Georgia Environmental Finance Authority (GEFA) to finance the purchase of land to help preserve valuable ecosystems, approximately 20 acres of wetlands, and two tributaries of Calls Creek, a significant tributary of the Middle Oconee River, and to control nonpoint source pollution. The City borrowed $3,550,000 due in monthly installments of $17,343 of principal and interest through November 2043; interest at 1.630% ($3,461,993 outstanding). Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. Note payments and performance obligations are secured by a security deed on the property acquired with the proceeds of the borrowing .

Annual debt service requirements for notes from direct borrowings are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	$ 152,829	$ 55,292	$ 208,121
2026	155,339	52,782	208,121
2027	157,890	50,231	208,121
2028	160,483	47,638	208,121
2029	163,118	42,003	205,121
2030-2034	856,664	183,942	1,040,606
2035-2039	929,355	111,251	1,040,606
2040-2044	886,315	32,888	919,203
Totals	$ 3,461,993	$ 576,027	$ 4,038,020

Subscription Liabilities

In June 2023, the City entered into a subscription-based information technology arrangement (SBITA) with a vendor for software. The subscription requires 5 annual payments of $10,500 beginning June 25, 2023. The subscription liability was measured at a discount rate of 2.212%. As a result of the subscription and additional ancillary costs to place the software in service, the City has recorded an intangible right-to-use asset of $76,992, with related accumulated amortization of $15,398, at the end of the current fiscal year. Amortization on the asset totaled $15,398 for the current fiscal year.

10. Long-Term Liabilities

Subscription Liabilities, continued

The following is a schedule of the future minimum subscription payments together with the present value of the net minimum subscription payments at the end of the current fiscal year:

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	$ 9,826	$ 674	$ 10,500
2026	10,046	454	10,500
2027	10,270	230	10,500
Totals	$ 30,142	$ 1,358	$ 31,500

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities of the City for the current fiscal year:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	$ 78,190	$ 58,689	$ 70,371	$ 66,508	$ 59,857
Notes from direct borrowings	0	3,550,000	88,007	3,461,993	152,829
Subscription liabilities	39,754	0	9,612	30,142	9,826
Total governmental activities	$ 117,944	$ 3,608,689	$ 167,990	$ 3,558,643	$ 222,512

In prior years, long-term liabilities, such as compensated absences, of the governmental activities were liquidated in the General Fund. The total interest incurred and charged to expense for the current fiscal year was $89,863.

11. Net Investment in Capital Assets

The net investment in capital assets reported on the government-wide statement of net position is calculated as follows at the end of the current fiscal year:

	Governmental Activities
Capital assets, net	$ 10,419,992
Notes payable	(3,461,993)
Subscription liabilities	(30,142)
Net investment in capital assets	$ 6,927,857

12. Retirement Benefits

SIMPLE IRA

The City has established a Savings Incentive Match Plan for Employees Individual Retirement Account (SIMPLE IRA), which is a defined contribution plan, under Section 408 of the Internal Revenue Code. The plan is administered by the Variable Annuity Life Insurance Company (VALIC). The Council has the authority to amend both the plan and the contribution requirements, so long as they follow the guidelines as prescribed by Section 408 of the Internal Revenue Code. The City has elected to contribute to the participating employees' SIMPLE IRAs a matching contribution equal to the employees' salary reduction contributions up to a limit of 3% of the employees' compensation for the year. The City contributed $13,533 and plan members contributed $25,220 during the current fiscal year.

Deferred Compensation Plan

The City previously offered its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is no longer offered to its employees and only one employee has funds remaining in the plan.

12. Retirement Benefits (continued)

Other Plans

In addition to the plans above, various City employees are covered under the Peace Officers' Annuity and Benefit Fund of Georgia. Further information regarding this plan can be obtained from the plan's annual report. This plan is immaterial to the financial statements.

13. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the government carries commercial insurance. The City has elected to manage its risk financing activities through the purchase of commercial insurance with a deductible of $1,000.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

There have been no insurance settlements exceeding insurance coverage for any of the past three fiscal years.

14. Joint Ventures

Under Georgia law, the City, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Northeast Georgia Regional Commission (RC) and is required to pay annual dues thereto. Membership in a regional commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the regional commissions in Georgia. The regional commission Board membership includes the chief elected official in each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a regional commission. A copy of the RC financial statements can be obtained from the Northeast Georgia Regional Commission, 305 Research Drive, Athens, Georgia, 30601.

15. Commitments and Contingencies

Commitments

The City has active construction projects at the end of the current fiscal year. At the end of the current fiscal year, the City's commitments with contractors totaled $248,158.

Contingencies

The City receives grant funds for various programs. Expenditures from these grants are subject to audit and the City is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of City officials, no material refunds will be required as a result of expenditures disallowed by the grantors.

16. Transportation Expenditures

Amounts expended on transportation include transportation maintenance and operation costs and correspond with classifications and subclassifications specified in the local government uniform chart of accounts under subsection (e) of Code Section 36-81-3 within section 4200, including noncapital expenditures within sections 4210-4290.

Total General Fund expenditures within these categories totaled $568,733 for the current fiscal year.

17. Subsequent Events

In July 2024, the City entered into a promissory note with the Georgia Transportation Infrastructure Bank (GTIB) to fund the engineering, right-of-way, and construction costs of a 3,100 foot long, 10 foot wide pedestrian pathway along Simonton Bridge Road. The note allows for up to $2,225,000 of borrowing. The note will be repaid with a mix of SPLOST III and TSPLOST proceeds collected in future years.

18. Changes Within Financial Reporting Entity

During the current fiscal year, changes within the financial reporting entity were as follows:

	Reporting Units Affected by Restatements of Beginning Balances			
	SPLOST II	TSPLOST	Nonmajor Governmental Funds	Total
July 1, 2023 (as previously reported)	$ 4,772	$ 0	$ 252,527	$ 257,299
Change from major to nonmajor fund	(4,772)	0	4,772	0
Change from nonmajor to major fund	0	205,335	(205,335)	0
July 1, 2023 (as restated)	$ 0	$ 205,335	$ 51,964	$ 257,299

19. New Accounting Pronouncements

The City implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*, effective for the City's current fiscal year. The requirements of this statement are effective for periods beginning after June 30, 2023. A summary of the impact of this standard to the City's fund balance is detailed in Note 18.

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COMBINING STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

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SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Cemetery Fund – This fund is used to account for contributions received restricted for the maintenance of the City cemetery.

Confiscated Assets Fund – This fund is used to account for the cash or property received from drug confiscations restricted for law enforcement.

Hotel/Motel Tax Fund – This fund is used to account for hotel/motel tax collections and expenditures.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of capital assets (other than those financed by proprietary or fiduciary funds).

Special Purpose Local Option Sales Tax II Fund – This fund is used to account for the capital projects financed through the 2015 Special Purpose Local Option Sales Tax.

CITY OF WATKINSVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

	Special Revenue			Capital Projects	Total Nonmajor Governmental Funds
	Cemetery	Confiscated Assets	Hotel/Motel Tax	SPLOST II	
ASSETS					
Cash and cash equivalents	$ 46,935	$ 15,496	$ 5,620	$ 0	$ 68,051
Taxes receivable	0	0	3,686	0	3,686
Total assets	$ 46,935	$ 15,496	$ 9,306	$ 0	$ 71,737
LIABILITIES					
Due to other funds	$ 11,400	$ 0	$ 9,306	$ 0	$ 20,706
FUND BALANCES					
Restricted for:					
Cemetery	35,535	0	0	0	35,535
Law enforcement	0	15,496	0	0	15,496
Total fund balances	35,535	15,496	0	0	51,031
Total liabilities and fund balances	$ 46,935	$ 15,496	$ 9,306	$ 0	$ 71,737

CITY OF WATKINSVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2024

	Special Revenue			Capital Projects		Total Nonmajor Governmental Funds
	Cemetery	Confiscated Assets	Hotel/Motel Tax	SPLOST II	Formerly Nonmajor TSPLOST	
REVENUES						
Taxes	$ 0	$ 0	$ 28,148	$ 0		$ 28,148
Interest	2,696	849	303	5,773		9,621
Contributions	4,300	0	0	0		4,300
Other	150	0	0	0		150
Total revenues	7,146	849	28,451	5,773		42,219
EXPENDITURES						
Contract services	4,156	0	0	0		4,156
Capital outlay	0	0	0	10,545		10,545
Total expenditures	4,156	0	0	10,545		14,701
Excess (deficiency) of revenues over (under) expenditures	2,990	849	28,451	(4,772)		27,518
Other financing sources (uses) Transfers out	0	0	(28,451)	0		(28,451)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	2,990	849	0	(4,772)		(933)
Fund balances, July 1 (as previously reported)	32,545	14,647	0	0	205,335	252,527
Changes within financial reporting entity	0	0	0	4,772	(205,335)	(200,563)
Fund balances, July 1 (as restated)	32,545	14,647	0	4,772		51,964
Fund balances, June 30	$ 35,535	$ 15,496	$ 0	$ 0		$ 51,031

CITY OF WATKINSVILLE, GEORGIA
CEMETERY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2024

	Final Budget	Actual	Variance
REVENUES			
Interest	$ 0	$ 2,696	$ 2,696
Contributions	4,300	4,300	0
Other	0	150	150
Total revenues	4,300	7,146	2,846
EXPENDITURES			
Public Works			
Contract services	4,300	4,156	144
Excess (deficiency) of revenues over (under) expenditures	0	2,990	2,990
Fund balances, July 1	0	32,545	32,545
Fund balances, June 30	$ 0	$ 35,535	$ 35,535

CITY OF WATKINSVILLE, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2024

	Final Budget	Actual	Variance
REVENUES			
Interest	$ 0	$ 849	$ 849
EXPENDITURES	0	0	0
Excess (deficiency) of revenues over (under) expenditures	0	849	849
Fund balances, July 1	0	14,647	14,647
Fund balances, June 30	$ 0	$ 15,496	$ 15,496

CITY OF WATKINSVILLE, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2024

	Final Budget	Actual	Variance
REVENUES			
Taxes	$ 39,238	$ 28,148	$ (11,090)
Interest	0	303	303
Total revenues	39,238	28,451	(10,787)
EXPENDITURES	0	0	0
Excess (deficiency) of revenues over (under) expenditures	39,238	28,451	(10,787)
Other financing sources (uses)			
Transfers in (out)			
General Fund	(39,238)	(28,451)	(10,787)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0
Fund balances, July 1	0	0	0
Fund balances, June 30	$ 0	$ 0	$ 0

OTHER REPORTING SECTION

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SINGLE AUDIT SECTION

This section contains reports required by the Uniform Guidance and grantor agencies.

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RUSHTON
ACCOUNTING & BUSINESS ADVISORS | CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*

Honorable Mayor and Members
of the City Council
City of Watkinsville, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Watkinsville, Georgia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Watkinsville, Georgia's basic financial statements and have issued our report thereon dated October 31, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Watkinsville, Georgia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Watkinsville, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Watkinsville, Georgia's internal control.

A *deficiency in internal* control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 through 2024-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Watkinsville, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Watkinsville, Georgia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Watkinsville, Georgia's response to the findings identified in our audit and described in the accompanying schedule of findings and questions costs. The City of Watkinsville, Georgia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Watkinsville, Georgia's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rushton, LLC

Certified Public Accountants

Gainesville, Georgia
October 31, 2024

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Honorable Mayor and Members
of the City Council
City of Watkinsville, Georgia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Watkinsville, Georgia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Watkinsville, Georgia's major federal programs for the year ended June 30, 2024. The City of Watkinsville, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Watkinsville, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Watkinsville, Georgia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Watkinsville, Georgia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Watkinsville, Georgia's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Watkinsville, Georgia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Watkinsville, Georgia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Watkinsville, Georgia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City of Watkinsville, Georgia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Watkinsville, Georgia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rushton, LLC

Gainesville, Georgia
October 31, 2024

CITY OF WATKINSVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2024

Federal Grant/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Number	Total Federal Expenditures
Department of the Treasury			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	$ 733,952
U.S. Environmental Protection Agency			
Passed through Georgia Environmental Finance Authority: Clean Water State Revolving Fund	66.458	LC2023002	3,550,000
Total Expenditures of Federal Awards			$ 4,283,952

See accompanying notes to the schedule of expenditures of federal awards and schedule of findings and questioned costs.

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Watkinsville, Georgia, under programs for the federal government for the fiscal year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, changes in net position or cash flows of the Commission.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. De Minimis Indirect Cost Rate

The City of Watkinsville, Georgia has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

4. Payments to Subrecipients

For the current fiscal year, the City of Watkinsville, Georgia did not pass federal funds through to subrecipients.

CITY OF WATKINSVILLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2024

1. Summary of the Auditor's Results

A. Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	None reported
Significant deficiencies identified Not considered material weaknesses?	Yes
Noncompliance material to financial statements noted?	None reported

B. Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	None reported
Significant deficiencies identified not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	None reported

Identification of major programs:

21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
66.458	Clean Water State Revolving Fund

Dollar threshold used to distinguish Between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

2. Financial Statement Findings

A. Current Year Audit Findings

2024-001

Condition: City personnel may require additional training in the application of generally accepted accounting principles and the preparation of financial statements. Currently, the City relies on the external auditors for technical assistance in applying generally accepted accounting principles and the preparation of the financial statements. This is common for governments of similar size and structure to the City. Under current auditing standards, providing technical assistance does not impair the independence of the external auditor. However, future changes to auditing standards by standards setting boards could state that providing technical assistance would impair the independence of the external auditor. This does not indicate that the finance staff is not trained to perform the daily accounting functions, but that the City has elected as a cost benefit to outsource this expertise to their auditors. As required, we have indicated this as a significant deficiency in our letter on Internal Control and Compliance.

Criteria: Effective internal control requires that the City accept responsibility and understanding of the audited financial report.

Effect: Failure to understand the financial statements may lead to material misstatements.

Cause: The City's employees are unable to prepare the City's financial statements because they lack the required training and experience in the application of generally accepted accounting principles.

Recommendation: City personnel should continue to receive training in the identification and application of generally accepted accounting principles and the preparation of the City's financial statements.

Management Response: Management concurs with this finding. The finance team will continue to seek training in the application of generally accepted accounting principles and in the preparation of the City's financial statements. Until such time it is financially feasible for the finance team to prepare the City's financial statements, the City will continue to rely on the independent auditor to prepare them.

2024-002

Condition: The City lacks sufficient controls and procedures regarding year-end close to ensure timely and accurate financial reporting. This included material adjustments during the audit process.

Criteria: Internal controls should be in place to ensure the City can perform timely and accurate year-end close procedures for the City to be able to produce its annual financial statements timely.

Effect: Failure to properly design and implement internal controls over year-end close procedures may lead to financial statements that are materially misstated and lead to delays in financial reporting.

Cause: Various posting and classification errors led to account balances not agreeing to subsidiary ledgers.

2. Financial Statement Findings (continued)

A. Current Year Audit Findings, continued

2024-002, continued

Recommendation: We recommend the City continue to implement and/or strengthen internal controls over the year-end closeout procedures. We also recommend management reconcile account balances monthly to the subsidiary ledgers to ensure proper and timely recording.

Management Response: Management concurs with this finding and will ensure that proper internal controls over the year-end close procedures are designed and implemented. Also, management will ensure that account balances are reconciled monthly to the subsidiary ledgers. This action was taken immediately upon receipt of the comment from our auditors.

B. *Prior Year Audit Findings Follow-Ups*

None reported

3. Federal Award Findings and Questioned Costs

The audit of our basic financial statements and schedule of expenditures of federal awards disclosed no audit findings or questioned costs which are required to be reported under Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

STATE REPORTING SECTION

This section contains additional reports required by the State of Georgia.

CITY OF WATKINSVILLE, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2024

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
2015 Referendum					
Parks and Recreation	$ 900,000	$ 900,000	$ 1,499,949	$ 10,403	$ 1,510,352
Transportation	2,200,000	2,200,000	1,972,254	142	1,972,396
Public Safety Facilities and Equipment	675,000	675,000	534,051	0	534,051
Water and Sewer	971,500	971,500	35,026	0	35,026
Total	$ 4,746,500	$ 4,746,500	$ 4,041,280	$ 10,545	$ 4,051,825
2021 Referendum					
Public Safety Facilities and Equipment	$ 540,000	$ 540,000	$ 49,830	$ 0	$ 49,830
Recreational, Park, and Greenspace Facilities	1,356,000	1,356,000	277,152	1,087,783	1,364,935
Roads, Streets, Bridges, Drainage, and Sidewalks	3,299,144	3,483,841	124,486	293,814	418,300
Multi-Purpose City Facilities, Signage, and Equipment	384,000	384,000	62,937	10,956	73,893
Total	$ 5,579,144	$ 5,763,841	$ 514,405	$ 1,392,553	$ 1,906,958

* Estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.

CITY OF WATKINSVILLE, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2024

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
2022 Referendum					
Sidewalk Construction and Repairs, Multi-Use Trails, Side Paths, Greenways, High Visibility Crossings	$ 2,482,515	$ 2,482,515	$ 80	$ 152,790	$ 152,870
Traffic Efficiency Improvements	1,379,175	1,379,175	0	10,733	10,733
Road Resurfacing and Rehabilitation and Investment in Roadway Infrastructure	1,655,010	1,655,010	0	252,361	252,361
Total	$ 5,516,700	$ 5,516,700	$ 80	$ 415,884	$ 415,964

* Estimated cost represents the portion of these projects to be financed with Transportation Special Purpose Local Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.

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